



Weekly Checkup

Don't Forget About (D)ME

LAURA HOBBS | MARCH 22, 2024

Last week the [Congressional Budget Office \(CBO\)](#) released [estimates](#) for 21 bills related to health care and consumer protection that were reported out of the House Committee on Energy and Commerce on December 6, 2023. [One](#) of these bills could undermine an effective market-driven program in Medicare. For this bill, **CBO projected an increase in net direct spending of \$145 million due to higher Medicare payments in some geographic areas for products that were included in the first bid round of the 2021 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP)**. If enacted, this increase in Medicare payment rates could start a slow slide backward for a program that has saved Medicare some money without reducing seniors' access to DMEPOS products. **Let's provide some context on the CBP and why Congress should consider encouraging the Centers for Medicare & Medicaid Services (CMS) to begin the next round of the CBP.**

What Is Competitive Bidding? [DMEPOS CBP](#) was established by the [Medicare Prescription Drug, Improvement, and Modernization Act of 2003](#), but experienced delays in [implementation](#) with the first round held in 2011. **Its purpose is to shift away from Medicare Part B paying medical equipment suppliers based on an antiquated and often [inflated fee schedule](#) and instead allow vendors to bid for contracts to supply certain categories of goods to beneficiaries of [original Medicare](#).**

What Was the Result? In June 2018, MedPAC [found](#) that, thanks to earlier CBP rounds, Medicare achieved a lower price for CBP products - but in return obtained lower quantities of these products. Yet the reduction in supply did not meaningfully reduce access to these products for clinically appropriate patients. **In short, DMEPOS CBP reduced Medicare costs without reducing patient access.** So successful was the program that, in November 2018, then-MedPAC Chairman Francis Crosson [encouraged](#) then-CMS Director Seema Verma to expand the number of products included in the CBP.

What Happened in 2020? For the 2021 round of DMEPOS CBP, CMS reviewed bids in 16 product categories (13 of which had been included in previous CBP rounds) in 130 competitive bid areas (CBAs). In response to the COVID-19 pandemic, non-invasive ventilators were removed from the CBP in April 2020 due to the ongoing public health emergency. But **in October 2020, CMS made the surprising announcement that it would not move forward with 13 product categories because “payment amounts did not achieve expected savings.”** Potentially, the lack of projected savings could be inferred from CMS’ reliance on [older bidding methodology](#) or pressure from the COVID-19 pandemic on health care resources at the time of the CBP. Only off-the-shelf back braces and off-the-shelf knee braces in specific CBAs were awarded contracts. The 2021 DMEPOS CBP concluded with a [temporary gap period](#) starting on January 1, 2024.

What’s Next for CBP? CMS has not provided any updates on how long the temporary gap period is [expected to continue](#) or when the agency will begin the formal rulemaking process to restart the CBP.

Since implementation in 2011, the successive rounds of DMEPOS CBP have demonstrated that market competition can produce savings for Medicare without reducing patient access. It would make sense for policymakers to encourage CMS to move forward with the next round of DMEPOS CBP to see if this program can still result in Medicare savings. **CBP has proven that it’s possible to reduce health care costs by encouraging market competition without jeopardizing seniors’ care.**

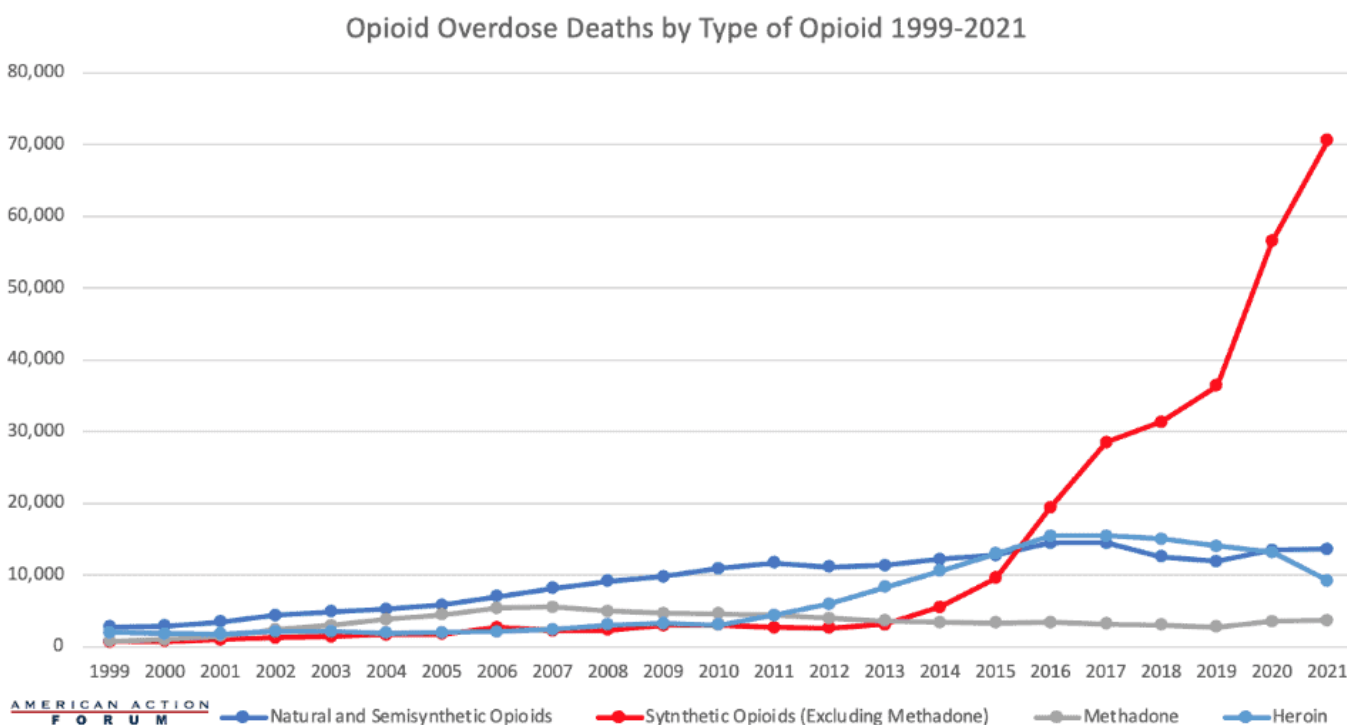
CHART REVIEW: CHANGES IN OPIOID OVERDOSE DEATHS BETWEEN 1999 AND 2021

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Data from the Centers for Disease Control and Prevention (CDC) shows that almost 645,000 individuals died from an [opioid overdose](#) between 1999 and 2021. These deaths resulted from both prescription and illicit opioids, with synthetic opioids (most notably fentanyl and [fentanyl analogs](#)) causing the most deaths. As seen in the [chart](#) below, the trends and makeup of opioid overdose deaths have changed drastically since 2001, with synthetic opioids deaths increasing dramatically since 2015. According to the CDC, opioid overdose deaths can be illustrated best in three [distinct microtrends](#) from [2001 to 2021](#), starting with the rise in opioid prescriptions, followed by easier access to heroin and later [fentanyl](#). Also, CDC is [tracking](#) a potential fourth microtrend of [overdose deaths](#) that result from combined

consumption of psychostimulants and prescription and/or illicit opioids. Psychostimulants includes medications for attention-deficit/hyperactivity disorder (ADHD) and depression. These medications can increase an individual’s risk of death when abused with prescription and/or illicit opioids.

The first microtrend peaked in 2017 and includes deaths from semi-synthetic opioids and methadone, also known as prescription opioids. The second microtrend includes deaths from heroin, which emerged in 2010 and peaked in 2017. The third microtrend includes deaths from synthetic opioids, most notably fentanyl and fentanyl analogs, which started in 2013. In short, deaths from opioid overdoses have increased steadily from 2001 to 2021 as access to both prescription and illicit opioids became easier. When crafting solutions to the opioid crisis, policymakers should include the type and source of opioids in their analyses.



Source: CDC [Opioid Overdose Deaths by Type of Opioid](#)